

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JESS GOETZ	)	APPEAL NO. 06-A-2532
from the decision of the Board of Equalization of	)	FINAL DECISION
Kootenai County for tax year 2006.	)	AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing December 15, 2006, in Coeur d'Alene, Idaho, before Board Member Vernon L. Driver. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Jess Goetz appeared with Appraiser Ed Morse. Residential Appraisal Manager Darin Krier and Appraiser Steve Hagler appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) modifying the protest of the valuation for taxing purposes of property described as Parcel No. 031200030090.

**The issue on appeal is the market value of residential property.**

**The decision of the Kootenai County Board of Equalization is modified.**

FINDINGS OF FACT

Subject's assessed land value was \$344,758. Appellant requests the land value be reduced to \$250,000.

The subject property is a subdivision lot of .339 acres. An older single-wide mobile home sits on the lot and is used as rental property. The mobile home is assessed in connection with another parcel number. The subject lot fronts on the Spokane River. The lot has been disapproved for a standard septic system by the district health office due to insufficient lot depth for a drain field and close proximity to surface water. The current septic system is substandard and only grand-fathered in connection with the current single-wide or a like replacement. The current septic was described by a Panhandle District Health official as a "pre-existing, non-conforming system."

Appellant contends the County consideration of the lot for assessment purposes as “improved waterfront” is in error. Subject use is limited, while the comparable sales used by the Assessor were not. The sales were developed with far more significant improvements than subject. Appellant’s appraiser testified generally that non-buildable lots are discounted in the marketplace by about 1/3. There was no price evidence or appraisal analysis offered in support of the statement. However, the discount evidence was not disputed by Respondent’s appraisers, nor was the characterization that the comparable sales were all superior to subject. The County did note in response that Appellant had not presented any comparable sales, nor an appraisal, in support of the value claim.

Respondent reported the subject site was last reappraised for the 2003 tax year using an extraction method on three improved sales. Subsequent tax years saw indexes to keep track with market sale price levels. It was noted subject is used in connection with a residence and does have a septic system suggesting or requiring reference to sales of buildable waterfront sites.

Both parties presented exhibit materials to the record. The County material documented the consideration of market sales and the development of subject's current assessed value. Appellant's exhibits primarily concerned the circumstances of the current septic system and the restrictions on future development.

### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant's have not supported an independent opinion of value. There was no appraisal

nor presentation relating to the value claim of \$250,000. Defining or describing the property to be appraised is an important step in the appraisal process and is critically related to selecting good comparable sales. On this point, Appellant has supported the contention that subject was compared to superior comparable sales without adjustment for the differences. The difference of course is subject's limited septic system and restriction on future development.

In the Board's judgment and experience, the development restriction on a waterfront homesite is significant. Some use, such as the present mobile home use is permitted. But a typical development relying on a standard septic system would not be possible according to the present circumstances and the record before us. Appellant's appraiser testified a non-buildable lot would typically be discounted in the market by 33%. Subject, however, is not "non-buildable" and the 1/3 adjustment on its face appears too large. Yet the subject site is significantly restricted from future development that would be in accord with a standard septic system.

On the evidence before us, we conclude the subject assessment must be adjusted to reflect the significant use restriction on the site. This situation was not similarly present in the comparable sales used to value subject, nor did the County make an adjustment for the difference. Neither party presented an appropriate adjustment or responsive treatment supported by the market. The Board will therefore exercise its discretion and judgment in modifying the value decision of the Kootenai County Board of Equalization by reducing subject's assessed value to \$310,000.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in land value to \$310,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 27th day of April 2007.